

HOUSE BILL 3386
By Shepard

AN ACT to amend Tennessee Code Annotated, Title 56,
relative to rental network preferred provider
organizations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by
adding the following as a new, appropriately designated section:

56-7-____

(a) A health insurance entity as defined in §56-7-109 or a third-party
administrator shall not reimburse a physician, other health care provider, professional
corporation or professional limited liability company as established through title 48 on a
discounted fee basis for covered services that are provided to an insured unless:

(1) The health insurance entity or third-party administrator has contracted
with either:

(A) The physician, other health care provider, professional
corporation or professional limited liability company; or

(B) A preferred provider organization that has a network of
preferred providers and that has contracted with the physician, other
health care provider, professional corporation or professional limited
liability company;

(2) The physician, other health care provider, professional corporation or
professional limited liability company has agreed to the contract and has agreed
to provide health care services under the terms of the contract; and

(3) The insurer or third-party administrator has agreed to provide coverage for those health care services under the health insurance policy.

(b) A party to a preferred provider contract, including a contract with a preferred provider organization, may not sell, lease, or otherwise transfer information regarding the payment or reimbursement terms of the contract without the express authority of and prior adequate notification to the other contracting parties.

(c) An insurer or third-party administrator who violates this section may be subject to payment of three (3) times the actual damages sustained as a violation of the Consumer Protection Act in accordance with §47-18-109(3). The amount of the actual damages awarded shall be determined by the commissioner of commerce and insurance.

SECTION 2. The commissioner of commerce and insurance has the authority, if deemed necessary, to promulgate public necessity rules in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. This act shall take effect on July 1, 2006, the public welfare requiring it.